

From: Mary Riddick
To: "atoliver@dunlapsales.com"@FCCMAIL.SMTPNLM
Date: Thu, Nov 19, 1998 2:59 PM
Subject: Re: Payphone Charges

Your comment has been forwarded to the FCC Secretary's Office for review and association with Docket#96-128.

>>> "Alan L. Toliver" <atoliver@dunlapsales.com> 10/07 9:27 AM >>>
As a small distributor in Western Kentucky, we actively use watts lines. Each call we receive from a payphone, our company pays an extra .30 Is this fair to us? We cannot regulate where those calls are coming from, yet we have to pay extra just because it came from a payphone. We are being penalized. Below you will find an article which is interesting! We stongly disagree with this section of the Telecommunications Act!

Thanks...
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Section 276 of the
Telecommunications Act of 1996 requires that payphone
service providers (PSPs) be "fairly
compensated for each and every
completed call" made from a
payphone. This provision ended the free ride
that long distance companies enjoyed,
paying little or nothing for millions of
calls made from payphones.
These calls fall into two categories:
(1) "access code," or "dial around," calls
that give the caller the ability to
choose a particular long distance service
(these include, for example, 10XXX
calls such as "10321," as well as
1-800-COLLECT and 1-800-CALLATT); or
(2) "subscriber-800," or
"toll-free," calls that permit a
caller to reach a toll-free number obtained from
a long distance company ("800" or
"888").

In April of 1997, the local telephone
companies reduced their federal access
charges to long distance carriers
(the fees long distance companies pay to
originate and/or terminate long
distance calls on local telephone networks) by
more than \$250 million per year,
specifically to reflect the reduction in costs

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from the elimination of payphone subsidies as directed by Congress in Section 276 of the Act. In October of 1997, the FCC established a charge of 28.4 cents per call for dial around and toll-free calls made from payphones. Long distance companies, not end users, are responsible for paying the PSPs this charge. The FCC set the per-call charge for these calls based on the prevailing deregulated rate for a local call made from a payphone (local coin call), less the costs the FCC identified as avoided when a caller places a dial around or toll-free call from a payphone.

The Facts

Despite some recent reports to the contrary, payphone users are not charged at the payphone for toll-free and dial around calls.

In a recent consumer information bulletin, the Commission said, "Long distance companies have significant leeway on how to compensate PSPs.

The FCC left it to each long distance company to determine how it will recover the cost of compensating PSPs."

The truth is that some long distance companies have used the FCC's payphone proceeding as an excuse to overcharge their customers.

The total benefit accrued by long distance companies from rate increases, access charge and commission savings reductions is more than enough to cover payphone compensation.

Over the last year, long distance companies have imposed several across-the-board increases in their toll-free rates, each time asserting that the increase was for the explicit purpose of covering PSP compensation for toll-free and dial around calls from payphones.

Long distance companies have pocketed more than \$250 million a year in recurring savings, specifically due to elimination of payphone subsidies.

Long distance companies have saved tens of millions of dollars in commissions to PSPs and payphone location owners as a result of the massive shift from 0+ calls to dial around calls made possible by changes in federal law in 1992, the Telephone Operator Service Improvement Act ("TOCSIA"). For example, AT&T paid commissions of up to 95 cents per call for each 0+ call received from a payphone. By shifting 0+ calls to the heavily advertised "1-800-CALL ATT," AT&T used the technological loophole to reap huge savings and profit.

The new per-call charge that long distance companies imposed last fall (AT&T 28 cents; MCI and Sprint 30 cents) on their toll-free and credit card subscribers is entirely unjustified since these companies have already more than recovered the cost of the FCCs payphone decision. These new, additional per-call charges are creating a windfall for long distance companies and a backlash from toll-free subscribers and consumers against a proper and fair decision by the FCC.